

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-10 ARA-06 EA-07 EUR-12 NEA-10
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TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 OIC-02
SIL-01 /136 W

-----091824Z 097210 /45

R 091315Z MAY 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 7173

INFO ALL EC CAPITALS

AMEMBASSY ABIDJAN

AMEMBASSY ANTANARIVO

ASUNCION 74-75-76

AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BRIDGETOWN

473 ?-/AMEMBASSY BUENOS AIRES 836-837-838

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY DACCA

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY HELSINKI

AMEMBASSY KHARTOUM

AMEMBASSY KINGSTON

AMEMBASSY LA PAZ

AMEMBASSY LILONGWE

AMEMBASSY LIMA

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY MANAGUA

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AMEMBASSY MANILA

AMEMBASSY MAPUTO

AMEMBASSY MBABANE

AMEMBASSY MEXICO

AMEMBASSY MOGADISCIO

AMEMBASSY MONTEVIDEO

AMEMBASSY MOSCOW

RUBKHAMEMBASSY NEW DELHI 1908-1909-1910

AMEMBASSY OTTAWA
AMEMBASSY PANAMA
AMEMBASSY PORT LOUIS
AMEMBASSY PORT OF SPAIN
AMEMBASSY PRETORIA
AMEMBASSY QUITO
AMEMBASSY RABAT
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTIAGO
AMEMBASSY SEOUL
AMEMBASSY SOFIA
AMEMBASSY STOCKHOLM
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AMCONSUL GUAYAQUIL
AMCONSUL RIO DE JANEIRO
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USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 3 GENEVA 3519

E.O. 11652: GDS

TAGS: UNCTAD, ETRD

SUBJ: UNCTAD: UN SUGAR NEGOTIATIONS: MID POINT EVALUATION

REF: A. STATE 101510, B. GENEVA 3291, C. GENEVA 3378

SUMMARY: THE WORKING GROUP ON QUOTAS AND STOCKS GOT WELL INTO THE DETAILS OF AN AGREEMENT DURING THE MAY 4-6 PERIOD, DISCUSSING THE METHOD OF ESTABLISHING INITIAL EXPORT QUOTAS, THE ADJUSTMENT OF QUOTA SHARES, THE GLOBAL QUOTA CONCEPT, THE ZONE IN WHICH EXPORT QUOTAS OPERATE, AND THE DEGREE OF AUTOMATICITY IN THE OPERATIONAL MECHANISMS OF THE ISA. THE U.S. STATEMENT ON SUGAR POLICY (REF-TEL A) MADE A POSITIVE IMPACT ON THE CONFERENCE. WORKING GROUPS ON SUPPLY COMMITMENTS, PURCHASE COMMITMENTS, AND ACCESS (WG II); PRICES (WG III); AND SMALL EXPORTERS (WG IV) WERE ESTABLISHED UNDER THE ECONOMIC COMMITTEE. THE U.S. CONCEPT OF A QUOTA/STOCK AGREE-

MENT WAS DISCUSSED AT LENGTH. THE OVERALL ATMOSPHERE AT THE MID-
POINT OF THE CONFERENCE IS POSITIVE AND U.S. DEL IS MORE
OPTIMISTIC THAN IT HAD HOPED AT THIS POINT IN THE PROCEEDINGS.
END SUMMARY.

1. THE DEBATE OVER THE SYSTEM OF QUOTA ALLOCATION--AN ANNUAL
GLOBAL QUOTA BASED ON HISTORIC PERFORMANCE OR BY BASIC EXPORT
TONNAGES (BETS) -- CONTINUED. JAPAN AND CANADA FULLY SUPPORT A
FORMULA APPROACH AND AN ANNUAL GLOBAL QUOTA. THE BRAZILIAN DELEG-
ATION (RAFFAELI) STATED THE U.S. APPROACH ENTAILED TOO MUCH FLEX-
IBILITY FOR HIS TASTE, BUT THAT BRAZIL IS WILLING TO CONSIDER THE
U.S. APPROACH. ARGENTINA (SEWARD) NOTED IT PERCEIVED A FORMULA OR
BETS AS BEING DIFFERENT MEANS TO THE SAME END. SOUTH AFRICA, THE
DOMINICAN REPUBLIC AND CUBA DEMONSTRATED THE GREATEST COMMITMENT
TO THE TRADITIONAL BET CONCEPT. THE EC (MALVE) COMMENTED FAVORABLY
ON THE REALISM IN THE U.S. APPROACH BUT REAFFIRMED THE EC UNWILLING-
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NESS TO ACCEPT AN EXPORT QUOTA. THE COSTA RICAN DELEGATE (DELLALE)
TERMED THE U.S. APPROACH AS A FAIRER DEAL FOR INDIVIDUAL EXPORTING
COUNTRIES.

2. THE LINE UP ON FLEXIBLE VERSUS RIGID QUOTA ADJUSTMENTS IS
SIMILAR TO THAT IN THE COUNTRY QUOTA DEBATE. HOWEVER, THE IMPORTERS
DREW SUPPORT FROM AUSTRALIA, SWAZILAND AND BRAZIL ON THE NEED FOR
FLEXIBLE QUOTA ADJUSTMENT AS OPPOSED TO SPECIFIC QUOTA CUTS WRITTEN
INTO THE AGREEMENT.

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SIL-01 /136 W

-----091825Z 097481 /45

R 091315Z MAY 77

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TO SECSTATE WASHDC 7174
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C O N F I D E N T I A L SECTION 2 OF 3 GENEVA 3519

3. IN THE DISCUSSIONS IN THE QUOTA AND STOCKS COMMITTEE, AUSTRALIA HAS TAKEN THE LEAD FOR THE EXPORTERS IN ASKING PROBING QUESTIONS ON THE U.S. CONCEPTS FOR A NEW ISA. AUSTRALIAN QUESTIONING GREW PARTICULARLY INTENSE IN THE DISCUSSIONS OF STOCKS.

4. THE STOCK DISCUSSION BEGAN WITH A REVIEW OF MINIMUM STOCK PROVISIONS. MOST EXPORTERS EXPRESSED WILLINGNESS TO FINANCE THEIR MINIMUM STOCK HOLDINGS. OPPOSITION TO THE U.S. SPECIAL STOCK CONCEPT WAS EXPRESSED BY SOUTH AFRICA, COSTA RICA, AUSTRALIA, THE DOMINICAN REPUBLIC, AND GUYANA. BRAZIL, ARGENTINA AND MAURITIUS MADE CONCILIATORY INTERVENTIONS SEARCHING FOR THE COMMON GROUND ON ON SIZE AND TYPES OF STOCKS. BOTH BRAZIL AND MAURITIUS PRAISED THE U.S. INITIATIVES ON STOCKS BUT, ALONG WITH INDIA, SUGGESTED FINANCING SHOULD BE MADE AVAILABLE FOR ALL STOCKS, INCLUDING MINIMUM STOCKS. THE U.S. REPEATEDLY STRESSED THE ROLE WHICH STOCKS ACCUMULATED IN TIMES OF OVERPRODUCTION COULD PLAY AS CONSUMER PROTECTION IN TIMES OF SHORT SUPPLY. THE U.S. EMPHASIZED THE IMPORTANCE IT PLACES IN INCREASED CONSUMER PROTECTION IN THE ISA.

5. BEFORE FORMALLY PRESENTING THE U.S. PROPOSAL FOR JOINT EXPORTER/IMPORTER FINANCING OF SPECIAL STOCKS, THE U.S. DEL IS CONFERRING BILATERALLY WITH CANADA, JAPAN, BRAZIL, THE EC, CUBA, THE DOMINICAN REPUBLIC, MAURITIUS, ARGENTINA AND COSTA RICA. WE HOPE TO HAVE THEIR COMMENTS BEFORE WE SUBMIT A DRAFT ARTICLE TO THE CONFERENCE. THE PRELIMINARY AUSTRALIAN AND CUBAN REACTIONS HAVE BEEN CAUTIOUSLY NEGATIVE FOR DIFFERENT REASONS: AUSTRALIA WANTS A SHARE OF THE FINANCING; CUBA WANTS NO INCREASE IN STOCK OBLIGATIONS.

6. THERE IS A CLEAR ACCEPTANCE AMONG ALL PARTICIPANTS EXCEPT THE EC OF THE QUOTA APPROACH. HOWEVER, MOST PARTICIPANTS WANT QUOTAS FURTHER UP THE PRICE RANGE THAN THE U.S. PROPOSAL ENVISAGED. THIS

IS TRUE OF BOTH IMPORTERS AND EXPORTERS.

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7. THE U.S. STATEMENT BY AMBASSADOR STRAUSS (REFTEL A) WAS READ IN-
TO THE ROECORD AND HAD AN EXTREMELY FAVORABLE IMPACT ON THE CONF-
ERENCE. ISO EXECUTIVE DIRECTOR, JONES-PERRY, TERMED THE STATEMENT
THE MOST POSITIVE HE HAS EVER HEARD FROM THE U.S. AT A SUGAR
CONFERENCE IN OVER 15 YEARS EXPERIENCE.

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C O N F I D E N T I A L SECTION 3 OF 3 GENEVA 3519

8. FURTHER WORKING GROUPS WERE ESTABLISHED UNDER THE ECONOMIC COMMITTEE TO COVER THREE MORE AREAS. WG II COVERS SUPPLY COMMITMENTS, PURCHASE COMMITMENTS, ACCESS AND SUPPORT MEASURES (14 EXPORTERS, 9 IMPORTERS) CHAIRMAN: DYMOW OF CANADA. WG III COVERS PRICES, BUT NOT THE ACTUAL PRICES TO BE IN THE ISA, (20 EXPORTERS, 11 IMPORTERS), CHAIRMAN: DOWLING OF FIJI. WG IV COVERS SMALL EXPORTERS (14 EXPORTERS, 9 IMPORTERS), CHAIRMAN: DASS OF TRINIDAD AND TOBAGO. THE U.S. IS ON ALL WGS. THE PHILIPPINES (THUS FAR INACTIVE AT THE CONFERENCE) WAS NOT ON ANY OF THE WGS, WHICH BROUGHT THE FIRST MAJOR PHILIPPINE INTERVENTION OF THE CONFERENCE. IT WAS SUBSEQUENTLY INCLUDED IN WG III. THUS FAR, THE CONFERENCE HAS NOT ESTABLISHED A WORKING GROUP ON "SCOPE" (I.E., PREFERENTIAL TRADE). FOR THE TIME BEING THIS DELICATE ISSUE HAS BEEN RESERVED TO ISO DIRECTOR JONES-PERRY, BUT SHOULD SURFACE SOON.

9. THE ISSUE OF WHAT THE ACTUAL PRICE MAY BE IN THE AGREEMENT, WHILE IN THE BACK OF EVERYONE'S MIND, HAS NOT ARISEN, PRESS STORIES TO THE CONTRARY. ONLY CUBA OCCASIONALLY MENTIONS A 15-25 CENT RANGE, A RANGE DELEGATES GENERALLY RECOGNIZE AS TACTICAL RATHER THAN REALISTIC.

10. AT MID-POINT IN THE CONFERENCE PROGRESS IS DIFFICULT TO JUDGE, BUT THE U.S. DOES SEE NO REASONS TO BE PESSIMISTIC. IN GENERAL, AN ATMOSPHERE OF RESERVED OPTIMISM PREVAILS THAT AN AGREEMENT CAN BE REACHED AT THIS SESSION. THE EC CONTINUES TO MAKE LONG, TEDIOUS INTERVENTIONS SUPPORTING ITS CONCEPT OF A STRICTLY STOCK AGREEMENT, BUT NOBODY TAKES IT SERIOUSLY. THE BIG UNKNOWN IS CUBA AND THE SOCIALIST STATES WHICH THUS FAR HAVE BEEN VERY RESERVED IN THEIR FORMAL COMMENTS WHILE MAINTAINING AN OPEN, NON-COMMITTAL ATTITUDE TOWARD NEW U.S. IDEAS IN INFORMAL CONTACTS, WHICH THE CUBANS HAVE ENCOURAGED. SORENSON

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Litigation History:
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22 May 2009
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